

**U.S. Department of State
Office of the Spokesman**

**For Immediate Release
2008/071**

January 30, 2008

MEDIA NOTE

**U.S. Commits Funding For Labor and Environmental Protection for
Central America-Dominican Republic Free Trade Agreement Countries**

The United States will commit \$39.6 million of FY 2007 funds to help countries in the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) enhance labor and environmental protection practices. The new funding will complement activities underway that received \$19.84 million in FY 2005 and \$39.6 million in FY 2006. These activities, both local and regional in scope, were identified in consultation with partner governments to ensure they address each country's priorities.

\$20.3 million will support initiatives to:

- Strengthen labor ministries by improving the structure and functioning of inspectorates and increasing the efficiency of the complaint handling process;
- Strengthen judicial systems to improve effectiveness in enforcing existing labor laws;
- Eliminate gender and other types of discrimination in the workplace;
- Enhance benchmarking and verification procedures;
- Promote the development of a culture of compliance with labor laws.

\$19.3 million will support initiatives to:

- Improve the environmental, legal, and regulatory structures as well as ensure effective implementation and enforcement of environmental laws;
- Enhance biodiversity and conservation;
- Promote market-based conservation activities such as sustainable tourism and sustainable agricultural and forest products;
- Increase private sector environmental performance;
- Address specific CAFTA-DR obligations that promote meaningful public participation and effective enforcement of environmental laws.

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FACT SHEET

CAFTA-DR Labor Projects

The Bush Administration committed more than \$60 million (\$20 million each year in 2005, 2006, and 2007) for labor capacity building in Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) countries. Areas of focus were identified through a cooperative process with partner countries and reflect on-going needs identified in the April 2005 “White Paper” of the Working Group of the Vice Ministers Responsible for Trade and Labor in the Countries of Central America and the Dominican Republic.

The multi-year assistance is designed to build the capacity of the ministries of labor to more effectively enforce labor laws. Activities are underway to train labor inspectors, develop new public awareness materials, assess the information technology needs of the ministries of labor, and provide technical assistance to the labor justice system.

2007 Programs

Strengthen Ministries of Labor – \$5 million

Ensure Benefits in the Formal Sector – \$1 million (El Salvador) This Department of Labor project will further develop systems, raise awareness, and promote a transparent process for employer payment into the social security system, allowing workers to verify that deductions from their salaries have been transferred to the correct agency, and ensuring that workers receive appropriate health care benefits.

Maximize Resources Through Strategic Planning – \$4 million (all CAFTA-DR countries) This Department of Labor project will help ministries of labor to maximize their resources by targeting their inspections more strategically. This will build on the “Comply and Win” project, providing additional technical assistance to help ministries of labor carry out inspections more effectively in areas identified during the planning process. The project will also conduct a diagnostic study of needs in selected CAFTA-DR countries to produce more reliable and timely labor market information.

Modernize Labor Justice – \$2.8 million

Train Public Defenders and Legal Assistance Providers – \$1 million (all CAFTA-DR countries) This USAID project will train government public defenders to provide disadvantaged workers access to the judicial system. It will also examine legal/regulatory barriers to alternative dispute resolution. Especially outside capital cities, government support staff will be trained in developing procedure manuals, case management, personnel issues,

oversight mechanisms, record-keeping, statistics and indicators for planning, follow-up, and evaluation.

Promote Civil Society Engagement with the Judiciary – \$1 million (all CAFTA-DR countries) USAID will award grants to civil society organizations to strengthen their ability to support sound legal and policy analysis, surveys, and focus groups. NGO staff will be trained to review case statistics and judgments, track institutional reforms in the labor justice system, collect and channel complaints, and publicize results.

Promote Interest-Based Bargaining Techniques – \$0.5 million (all CAFTA-DR countries) This USAID project will teach union and management representatives to manage conflict. Through interactive training and role-playing, participants will improve their ability to conduct collective bargaining negotiations. There will also be a “train-the-trainers” component, in which facilitators will train staff of ministries of labor, business school professors, independent mediators, and other trainers.

Modernize the Labor Justice System – \$0.3 million (Costa Rica) Costa Rica was not eligible for 2005 funds when this project was launched in the other CAFTA-DR countries and its exclusion has created a capacity gap. To address this gap, this USAID program will (a) train judges, lawyers, and clerks on national labor laws and the application of fundamental international labor standards, (b) develop a web-based database of jurisprudence of precedents for labor cases, (c) enhance existing or install new electronic case management systems, (d) train judges in implementing new laws establishing oral proceedings, and (e) provide labor courts with computers, software, and other equipment.

Eliminate Gender and Other Types of Discrimination – \$2.5 million

Reduce Gender and Other Forms of Discrimination – \$1 million (all CAFTA-DR countries) This USAID project will provide training and other support to civil society organizations that provide services to women and other disadvantaged groups (counseling, accessibility, translation for indigenous languages, etc.) The implementer will conduct an audit of court processes that affect women, disabled persons, indigenous groups, and other disadvantaged populations, and provide technical assistance to the court as well as sensitization training for judges and public defenders.

Protect Workers in the Sugar Cane Sector – \$1 million (Dominican Republic) Sugar cane workers suffer from poor working conditions such as wage and hour violations, poor occupational safety and health, and deferred payment for their services. The Dominican Secretary of Labor launched a model program to improve labor rights of workers in the sugar sector in el Ceibo. This Department of Labor project would seek to expand the Dominican Secretary of Labor’s initiative to additional communities. It would also work with unions and local community organizations to improve mechanisms for workers to protect their rights.

Provide Job Training for People with Disabilities – \$0.5 million (Costa Rica) The Government of Costa Rica recently passed significant legislation to encourage hiring people with disabilities. This Department of Labor project is intended to reduce the barriers to employment for people with disabilities by training them in information technology (using adaptive

technology) and other skills, educating employers, and facilitating job placement. The program is based on a successful Department of Labor project in El Salvador which placed 158 persons with disabilities into full-time employment and provided skills to 26 others who, in turn, began their own small businesses.

Establish Benchmarks and Verification – \$3 million

Semi-Annual Assessment of Progress – \$3 million (all CAFTA-DR countries) Through this project, the International Labour Organization will work with ministries of labor, employers' organizations and trade unions, individual project implementing organizations, and where possible, the Inter-American Development Bank and other donors to establish initial benchmarks and subsequent assessments for each of the beneficiary countries. These assessments will also serve as input into the biennial reporting requirements of the Jefferson Amendment to CAFTA-DR.

Promote a Culture of Compliance with Labor Laws – \$7 million

Support Alliances to Improve Labor and Environmental Standards – \$2 million (all CAFTA-DR countries) This USAID program will help to strengthen and streamline the work of existing alliances/certifying organizations that serve U.S. buyers, to promote best practices in labor standards and environmental protection and increase the competitiveness of participating local firms. It also aims to attract multinational and local businesses to private/voluntary process and certification regimes across several business sectors and encourage partnerships between governments and the private sector.

Reach out to the Agriculture Sector in Guatemala – \$1 million (Guatemala) This Department of Labor project, based on a similar project implemented last year in Honduras, Nicaragua, and the Dominican Republic, will provide information and training on labor rights and national labor laws to workers and employers in rural communities, with specific attention to indigenous populations. The project will also increase the ability of workers to enforce labor laws through linkages to the Guatemalan Ministry of Labor's enforcement procedures.

Engage Workers in the Informal Economy – \$1 million. This pilot State Department project will improve data collection of the scale and scope of the informal sector. It will then develop policies, strategies, and national capacity to improve tripartite social partner engagement—including national tripartite bodies—with informal workers to incorporate them into the formal economy. It will work to reduce regulatory and administrative barriers to formalization for workers, small, and medium enterprises. Expected outcomes include a reduction in the size of the informal economy and an increase in worker rights coverage for workers who, by formalizing, benefit from labor law protections, improved working conditions, and greater employment security through labor contracts.

Promote Tripartite Social Dialogue – \$3 million (all CAFTA-DR countries) This State Department project will develop a culture of compliance by bolstering tripartite social dialogue through training. Topics will include dispute resolution and reconciling the pressures for productivity and competitiveness with sustainable development and improved working conditions. By developing tripartite social dialogue, the project will also increase adherence to and respect for labor law, increase understanding and respect for labor institutions, promote a

culture of compliance and dialogue, and promote consensus building on a broad range of issues of mutual interest among government, worker, and employer tripartite social partners.

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FACT SHEET

CAFTA-DR Environment Projects

From 2005-2007, the Bush Administration committed nearly \$40 million to support trade-related environmental initiatives in Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) countries. These activities will strengthen institutions for more effective implementation and enforcement of environmental laws and promote biodiversity and conservation, market-based conservation, and private-sector environmental performance.

Activities are already underway to enhance protected areas, strengthen fisheries enforcement and wildlife management capacity, and strengthen compliance with the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES). U.S. funding also supported the creation of the CAFTA-DR Secretariat for Environmental Matters. Fiscal Year 2007 funds will build on the foundation of previous years while streamlining the program to focus on trade capacity building activities.

2007 Programs

Strengthen Institutions for More Effective Implementation and Enforcement of Environmental Laws - \$7.7 million. This program seeks to create a level playing field for free trade by developing harmonized environmental regulations, implementing procedures, and enforcement policies that provide clear guidance to businesses in the region. In addition, it seeks to increase the capacity of CAFTA-DR countries to more effectively enforce their environmental laws by developing programs that promote compliance; instituting policies that provide incentives for voluntary environmental auditing; and encouraging private sector adoption of performance and compliance-focused environmental management systems.

Promote Biodiversity and Conservation - \$3.8 million. This comprehensive program is designed to combat illicit trade in wildlife and timber species by working with national and local governments and non-governmental partners to strengthen the enforcement of environmental laws and multilateral environmental agreements, specifically CITES. Planned activities will also improve the sustainability of commercial fisheries by introducing more comprehensive management approaches. These will, for example, promote sustainable lobster harvesting and reduce incidental catch of endangered sea turtles.

Promote Market-Based Conservation - \$3.2 million. This initiative will improve conservation through the adoption of sustainable tourism practices. It will help CAFTA-DR governments remove barriers that keep funds from reaching protected areas, adopt payment for environmental services, and place appropriate economic value on the conservation and management of natural resources. It will also improve natural resource management and

habitat conservation by providing funds through competitive grants to promote alternative livelihoods through sustainable agriculture programs.

Promote Private-Sector Environmental Performance - \$3.2 million. This initiative will improve the private sector's environmental performance by providing flexible incentives, information, and technical assistance to adopt cleaner production technologies and best practices. Special emphasis will be placed on voluntary agreements and public-private partnerships.

CAFTA-DR specific obligations - \$1.4 million. The Secretariat for Environmental Matters will continue to receive support for annual operating expenses of the Public Submissions Unit within the Secretaría de Integración Económica Centroamericana (SIECA), which reviews and investigates complaints about failures in the enforcement of environmental laws. Funding will also be provided to monitor and evaluate the activities pursuant to the Environmental Cooperation Agreement (ECA) work plan, and to support the Environmental Affairs Council and the Environmental Cooperation Commission.

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